



Center for Public Policy Priorities

## NEWS RELEASE

900 Lydia Street Austin, Texas 78702 PH: 512.320.0222/FAX: 512.320.0227 [www.cppp.org](http://www.cppp.org)

FOR IMMEDIATE RELEASE:  
February 7, 2005

CONTACT: Lynsey Kluever, 512-320-0222, X112  
[kluever@cppp.org](mailto:kluever@cppp.org)

### **Texas Left Nearly \$1.2 Billion in Tax Credits on the Table Last Year: Now's the Time for Low-Income Families to Claim EITC**

**Austin, TX**—In Texas, approximately \$1.2 billion dollars of tax credits went unclaimed last year in the form of the Earned Income Tax Credit (EITC). EITC is one of the nation's most successful anti-poverty programs, helping low-income workers and families earning up to \$38,000 receive a rebate of federal income taxes. In 2003, EITC lifted 440,000 Texans, including 240,000 children, out of poverty while pumping billions of dollars into the economy.

"The Earned Income Tax Credit rewards work and strengthens local economies across the state," said Don Baylor, Policy Analyst at the Center for Center for Public Policy Priorities in Austin. "Unfortunately, not enough people are claiming the money that is owed to them."

Although the IRS heads a free, volunteer-run tax preparation program known as "VITA" (Volunteer Income Tax Assistance), which helped tens of thousands of Texans file for the EITC last year, more than 580,000 eligible Texans (29 percent of those eligible) did not apply for the refund.

Of those in Texas who did claim their refund, approximately 46 percent used a Refund Anticipation Loan (RAL). RALs are high-cost loans offered by commercial tax preparers to secure a worker's expected refund in advance. In exchange, a typical RAL costs the taxpayer about \$100—rising up to \$250 when tax preparation and other associated fees are included. RALS are unnecessary, draining hundreds of millions of dollars each year from low-income taxpayers and the Texas economy.

Low-income taxpayers can find **free tax prep** by dialing 211 to locate the nearest VITA site, or by filing online. For a list of free online tax preparation sites, see <http://www.irs.gov/efile/article/0,,id=118986,00.html>.

#### **Who Qualifies for the EITC?**

- Workers who were raising one child in their home and had income less than \$31,030 (or \$33,030 for married workers) in 2005 can get an EITC of up to \$2,662;
- Workers who were raising more than one child in their home and had income of less than \$35,263 (or \$37,263 for married workers) in 2005 can get an EITC of up to \$4,400;
- Workers who were not raising children in their home, were between ages 25 and 64 on December 31, 2005, and had income below \$11,750 (or \$13,750 for married workers) can get an EITC up to \$399.
- Individuals affected by Katrina/Rita who are eligible for EITC can use either tax year 2004 or 2005 to determine their earned income. For more information, visit <http://www.irs.gov/newsroom/article/0,,id=152734,00.html>

To determine EITC eligibility, families can visit <http://www.irs.gov/individuals/article/0,,id=130102,00.html> (available in English and Spanish) or <http://www.cbpp.org/eic2006/eitcchoose.htm>. For more information about EITC, visit <http://www.cppp.org/eitc.php>.